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INSIDE THE GOVERNMENT

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INDIA'S FAULT LINES & FIXES

The common men and women and not the bureaucrats or politicians are the real instruments of change after six decades of independence

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Former Cabinet Secretaries speak out p6
Why criminals rule the roost p10
Why indiscipline thrives p15
How not to suffocate rural India p18

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62 years of independence | state of the nation

India's Fault Lines & Fixes

Six decades of independence is changing the common man for both good and bad, but the changes for 'good' are coming at a snail's pace

by Col R Hariharan

At 62, India is hardly a senior citizen nation – for the simple reason that nations age slowly. And, like the Galapagos tortoises, they are great survivors. To say India is the largest multi-religious, multi-racial, multi-ethnic and multi-linguistic democracy in the world is a cliché, but that is the truth.

Historically, India and its people have baffled others. Al-Biruni, who came to India with the invading armies of Mahmud of Ghazni in the 11th century, said foreigners found Indians different from other people "in everything which other nations have in common". Hence, it is not surprising that India's successful practice of democracy for over six decades continues to be a conundrum for the Western mind conditioned by a codified Christian ethos.

India's problems are as diverse as its people, languages and religions. Its governance has not been ideal; it remains "organized anarchy", as John Kenneth Galbraith said. The reason for India's

Continued on page 4

Urban slum dweller: new consumer

Despite its lumbering journey through democracy, India is at last standing up to be counted in its rightful place among nations on its own strength. But it continues to be the 'rich country where people are poor', as JRD Tata said

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CONTACT DETAILS/ADVERTISING & MARKETING
118, 2ND FLOOR, DDA SITE 1,
NEW RAJINDER NAGAR, NEW DELHI – 110 060
TEL/FAX: +91-11-28744789, +91-11-45082832,
+91-9911110385
e-mail: gfilesindia@gmail.com
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From the Editor-in-Chief

EVERY Independence Day we are subjected to lofty speeches and sky-scraping phrases from leaders reminding the citizens of this democratic republic of their duties and the challenges that face the nation. Most Indians shut their ears to them because the words come from the mouths of a sub set of people that ordinary folk have learned to regard with unadulterated derision – politicians.

Notwithstanding the fact that we vote them in and out regularly and avidly follow their deeds and misdeeds in Parliament, there's always that ever-present nagging part of ourselves yearning to do away with them. Alas, in the real world all democracies seem doomed, in perpetuity, to live with them. There is, in political theory or practice, no alternative – except dictatorship – to electing a nominee to enforce the popular will and represent disparate interests.

Except in Plato's utopian Republic, I see few instances of elected nominees – politicians – volunteering to do the maximum good for the maximum people. They must be coerced to do so in the interest of superior statecraft. The state, therefore, must be an agglomeration of countervailing centres of powers and checks and balances that exerts a civilizing influence to temper and moderate the human proclivity towards greed, jealousy, violence, and lust for power.

An independent civil service is one powerful instrument that has been designed by modern democracies to implement the utilitarian ideal of governance in the interests of we, the people. But, as the Indian experience has shown, this institution is subverted by those who would make it their fiefdom to convert the state into a personal milch cow.

Our 62nd Independence Day cover story addresses the issue of how the bureaucracy can be unshackled and allowed to play its role as a moderating influences on political venality. We asked three former Cabinet Secretaries whether they saw this as a problem and how they would address it.

Veteran BG Deshmukh says both the nation and society are developing – if slowly. "This is in spite of, rather than because of, the government and the public services." He sees rays of hope, however, in "a core, though tiny, of civil servants who are role models, of the young political generation which is honest and more committed, of enlightened groups in the private sector, and of strong and vibrant civil society groups."

Surendra Singh places some faith in the Second Administrative Reforms Commission proposals designed to checkmate "the political master who looks to a pliable bureaucrat or police officer to help him in his (private) quest."

And Prabhat Kumar offers a unique insight. Civil servants, he says, do have a natural lobby that will help insulate and protect them from the clutches of ruthless politicians: the common people! He observes: "The civil services ought to join forces with civil society organizations to amplify the voice of the voiceless."

Hear, hear. As the new Independence year dawns, it is heartening to note that people like Deshmukh, Singh, and Kumar, far from being retired or moth-balled, are still a vibrant and thinking part of this nation's evolution.

INDERJIT BADHWAR

LETTERS: I noticed your magazine at a news stand and immediately bought a copy as I have always been interested in what goes on in government files that are primarily handled by government officials. They tell us how at times decisions are taken, and generally not taken. But I found virtually nothing after going through 34 pages. Even the editor-in-chief was aware of this fact. But his explanation in his editorial is far from convincing.

If you want to hide behind governance, then your 'g' stands for governance that

Continued on page 4

LETTERS

Continued from page 3

includes everything in India.

The only segment on government files was "...by the way" that dealt exclusively with bureaucrats. That is what the whole magazine should be. Mere dates of birth and transfer details won't serve the purpose. They are available in the Civil List and daily newspapers, respectively. Of course, we are interested not in the grapevine but what is cooking in the files! Otherwise, *gfiles* will also become a run-of-the-mill magazine.

I was trained to be a journalist to cover government files in the 1970s. This subject has always been close to my heart.
Om Gupta, Dean, Centre for Media Studies, via email

The article on Lalgarh was good.
Manmohan, on blog

It's a great magazine and one would love to subscribe to it but how? And your sneak previews of important stories are disappointing because one cannot read on. Impossible to load the page!
Patricia Mukhim, Editor, The Shillong Times, via email

I am surprised to see that no IFS officer (AIS) figures in the birthdays list. Please start including the IFS too.
Satyendra Singh, IFS, DFO, Cachar Division (Assam), via email

Maj. Gen. Mrinal Suman's article on foreign policy (July 2009) is exceptional in honesty and frankness. Our inability to carry our neighbours with us is a testimony to our policy failure. He is right that many decision-makers are under immense obligation to developed countries through grant of citizenships and Green Cards for their families. *gfiles* is doing a great national service by initiating public debate on such critical issues.
Aditi H, via email

COVER STORY

62 years | state of the nation

Continued from page 2

survival and success is the evolution of a composite Indian culture in keeping with the dynamics of social change. This process, though painful at times, is a continuous one. It is neither the politician nor the bureaucrat but the common man who is handling the process. He is the real instrument of change – even making or breaking governments.

It was he who brought down Mrs Indira Gandhi, one of the most successful Indian Prime Ministers, when she pulled down the shutters on democracy and slapped a national emergency. Unlike the now fashionable orange revolutionaries in Europe, people reacted unobtrusively by using the ballot to dislodge her from power. Her defeat had a cathartic effect on international perceptions of India's democracy in action.

Despite its lumbering journey through the uncharted path of participatory democracy, India is at last standing up to be counted in its rightful place among nations on its own strength. But it continues to be the "rich country where people are poor", as JRD Tata reportedly said.

The Indian economy went on a planned development route with marked growth of bureaucracy rather than national wealth. Central planning, after adding value in the early years of independence, ended up as an iron-clad control regimen to distribute political and bureaucratic favours. But, in spite of its distraught journey, India has created a whole generation of achievers in various fields.

Despite their poor English and un-Western ways, Indians produced results in business, science and technology. That was how Nirma gave a run for its money to Unilever and the humble *dabbawallah*s of Bombay became a model of operational management. The low-profile labs run on meagre budgets dreamed of an Indian space mission, and achieved it.

India and Indians have not lost their resilience and adaptability to change. India's lead in information technology is a shining example of this. It is clear that, like a unicellular organism, India is now cloning its influence in countries around it and even beyond. But we cannot say we are a confident nation. Jawaharlal Nehru said, "Real progress of the country means progress not only on the political plane, not only on the economic plane, but also on the social plane." And that has not happened.

The Common Man

At the heart of India's success and failures is the common man. He is India's strength. He defies stereotyping. He is immensely patient, generally thrifty and has few wants. He has no great aspirations and holds on to his culture, community and family like crutches to see him through his tribulations. He generally has a *mai-baap* attitude towards the rulers and kowtows to those who command him. But six decades of independence is changing him for both good and bad. And the changes for good are coming at a snail's pace.

Dabbawallahs: new managerial class

REUTERS

Rural India: abode of the common man

THREE-POINT AGENDA

GIVEN this ambience, the first point in the national agenda should be replacing caste as the unit of social action with meaningful social welfare. Casteism thrives because caste affiliation provides comfort to the poor in the absence of a well-defined social security umbrella. All political parties have caste-linked groups operating or influencing the party agenda. Often their goals are nowhere akin to the national agenda and they manage to block progress. The stalled legislation for reservation of seats for women in Parliament is a case in point.

The second should be use of time as a resource. Absence of time-bound benchmarks for administrative action has eroded public confidence in the government. Delay makes room for corruption and political favour to thrive. Well-meaning social welfare projects promoted after a lot of homework by bureaucrats fail to deliver because they are dispensed late as a political favour or sold to the highest bidder. The public distribution system that leaks like a sieve is a good example.

Last, the agenda should include growth of national awareness. As the father of Hindu renaissance, Swami Vivekananda said, "...All that is needed is that she [India] should de-hypnotise herself and wake up from her age-long sleep to her true rank in the hierarchy of nations." It should start at the school level and go right up to those who sit in North and South Blocks.

He is increasingly becoming urban, breaking away from his village moorings. Though living in an urban slum in subhuman conditions, he needs his mobile phone and TV as much as his richer countrymen. He has a little more spending money in his purse now. His consumer needs are on the increase.

His health is appalling as his environment is polluted. His traditional belief and value systems are in perpetual conflict with the increasingly crass sociocultural ambience. He is not getting value for his hard-earned money. The goods sold to him are shoddy and substandard. His every move is stymied by an insensitive bureaucracy. The callous, impersonal urban society ignores him unless he turns violent.

But his awareness is growing. He has acquired rudimentary literacy. Every five years or so, he is wooed for his vote and invariably forgotten afterwards. He knows he is being short-changed so he does not trust politicians and their smooth talk. He is increasingly shrouded in feelings of insecurity and distrust. And he is slowly getting impatient with the false prophets all around him. That is how extremism and militancy is taking root in his midst.

Despite their poor English and un-Western ways, Indians produced results in business, science and technology. That was how Nirma gave a run for its money to Unilever and the humble *dabbawallahs* of Bombay became a model of operational management

THE common man is the one who should be at the heart of a national agenda. For he deserves better. His welfare, well being, productivity, prosperity and participation in a safe and unpolluted environment should be the central goal of governance because he is the spoke that keeps the wheel of India moving. Unless he has a feeling of security and trust in the government and its representatives, any national agenda will be irrelevant.

During the past three decades the class and caste of people getting elected to Parliament are transforming. There are probably more millionaires in the present Lok Sabha than ever before; a few are even billionaires. Political parties, both in and out of power, are bankrolling "donations" and distributing favours through a system of cronies and clansmen.

In short, politics has become big business. Unfortunately, it is not delivering the goods. Parties have only slogans instead of ideologies and plans without projects. They have bogeymen instead of leaders. They thrive on fears and insecurity rather than on success and achievements.

The founding fathers' dream of a democratic India has been fulfilled only partly. In the words of historian Ramachandra Guha, "If India is roughly fifty per cent democratic, it is approximately eighty per cent united." The much-hyped multi-ethnic democracy is ridden with seams of caste and corruption corroding free and fair elections. As veteran Congress leader VN Gadgil remarked, "In India you do not cast your vote; you vote your caste." And money power is yet another rider in the election circus.g

FORMER CABINET SEC

Responses to a questionnaire from *gfiles* to three veterans who headed the Indian b

FOTOS4INDIA

BG Deshmukh

(served August 23, 1986 to March 27, 1989)

WHAT DOES PUBLIC SERVICE REALLY MEAN?

AT a felicitation in Pune of the successful candidates at this year's All-India and Central Services Examination of the Union Public Service Commission, I highlighted three areas in my address to them.

First, they are entering a professional career. They have to be efficient and continue to acquire qualifications for better performance. They have to show commitment to the goals of the establishment they serve.

Second, they are also entering public service. They have to be honest and responsive, as well as transparent and fully accountable. They have to observe high ethical standards and a fair code of conduct. Since we are a democracy, they have to be apolitical. Even though they will be serving under a political party or a coalition of political parties, their commitment is to the Constitution. They have to carry out the policies and decisions of the government but within the Constitutional parameters.

Third, because India is a developing country, there are special requirements of them. It is through public service that inclusive and sustainable economic development can be achieved. Good governance is an essential condition. For this, justice has to be delivered in the social, economic and political fields. The delivery system assumes great importance.

If all this is assumed as a sort of benchmark, I am afraid the current performance of the civil services falls woefully short. This is especially so in the case of the subordinate services, which constitute the face of the government for the general public.

Politicization exists in various degrees and is rampant in certain states, especially in the north. Unfortunately, the leftist governments have also fallen into this trap. Corruption has become a way of life and has acquired social acceptability in many cases. Political backing for graft is actively sought and willingly given. Good governance has become a casualty of political interference and bureaucratic pliability. Implementation of welfare laws and schemes is treated as a burden and performed perfunctorily. Instead of an effort at redressal of grievances, the attitude is that the petitioner is being done a favour.

Yet, both the nation and society are

Even though civil servants will be serving under a political party or a coalition of political parties, their commitment is to the Constitution. They have to carry out the policies and decisions of the government but within the Constitutional parameters

RETARIES SPEAK OUT

n bureaucracy regarding immediate administrative changes they would like to make

developing – if slowly. This is in spite of, rather than because of, the government and the public services. There is a core, though tiny, of civil servants who are role models, of the young political generation which is honest and more committed, of enlightened groups in the private sector, and of strong and vibrant civil society groups.

The scope for improvement is vast but there are certain obvious and representative steps that should be taken immediately:

- Political interference and patronage should be reduced and civil servants enjoying it or striving to acquire it should be isolated.
- Corruption in the civil services should be dealt with strictly. The legal procedure for this should be revised for fast-track treatment.
- There should be guaranteed tenure for every post. For promotion and selection, separate bodies should be set up and any rejection of their recommendations should be public knowledge.
- Civil servants should treat spreading of social justice as their personal obligation to society.
- High ethical standards and a code of conduct should be observed by all senior civil servants and they should try to spread the message.
- There should be a revised procedure to accord due recognition in the performance assessment of all. In important activities, accountability should be established by laying down physical and financial targets to be achieved during the particular period.
- An ombudsman must be appointed for the civil services.

Surendra Singh

(served August 1, 1994 to July 31, 1996)

MAKING THEM CITIZEN FRIENDLY

WITH many honourable exceptions, civil servants, police officers and those manning the Public Sector Undertakings today are more interested in pleasing the political masters of the day than in discharging their duties with objectivity and in the interest of the people they are meant to serve. They do not have adequate accountability. They are afraid to take bold decisions or to take any great initiative. They prefer to play safe as far as possible. Their attitude is no more citizen-friendly than before.

How has this state of affairs come about? The calibre of the men and women holding positions in our civil services and Public Sector Undertakings today is in no way lower than that of their counterparts a few decades ago. In fact, with the spread of education and expansion of the role of media, Internet, and so on, they are better informed and more aware of the world around them than those of earlier generations.

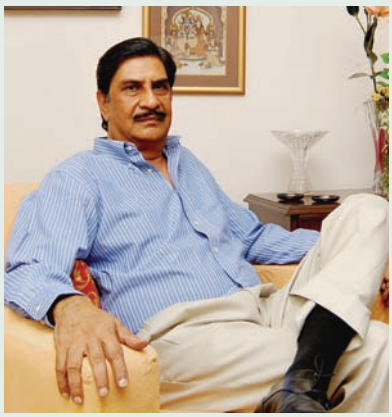
The answer lies in the political system that has gradually developed since Independence. Politics has come to emphasize more and more parochial considerations, caste equations, money power and crime. In this kind of a situation, the political master looks to a pliable bureaucrat or police officer to help him in his quest. Those who do not play his game find themselves sidelined or penalized. In such an atmosphere, it is futile to expect that civil servants or police or public sector managers would all remain committed to the cause they were meant to serve with diligence, objectivity and impartiality.

The topmost priority has to be to insulate government and PSU servants from political interference. Objectivity and transparency in recruitment, postings, transfers, disciplinary action, and so on is a must. Likewise, it is important to link promotion to performance. At present nobody gets penalized for poor performance or rewarded for good performance. A system must be put in place to ensure both. The Second Administrative Reforms Commission

Politics has come to emphasize more and more parochial considerations, caste equations, money power and crime. In this kind of a situation, the political master looks to a pliable bureaucrat or police officer to help him in his quest

has made a number of good suggestions in this regard and it is heartening to note that the government seems serious about implementing them.

SHARAD SAXENA



Prabhat Kumar

(served April 1, 1998 to October 31, 2000)

UNDERSTANDING POLITICS AS THE LOGIC OF POWER

LET me at the outset place on record the contribution made by the civil services to the stability and development of the nation since Independence. They can justifiably take pride in serving the people to the extent possible in the prevailing political environment.

However, at a conceptual level, the evolution of the civil services over the last 60 years has exposed their bankruptcy at philosophical, political and social levels. They have not been able to find their legitimate domain and have been oscillating between arrogant obstinacy and servile flexibility.

Their capacities as producers of social and economic goods, their identity as useful members of communities and their role as custodians of welfare of the people were all to disappear or be destroyed. Idealism gave way to cynicism and their capacity to deliver shrank steadily.

In my view, the civil services in India are unconsciously searching for the logic of their being. Casual discussions with senior bureaucrats reveal an urge to evolve a more credible existence for the civil services. They want to counter the efforts to malign their public image as mere "babus".

Politics has the logic of power. The market has the logic of profit. It was rhetorically expected at the time of independence that the civil service would be imbued with a sense of nation-building. For instance, it was expected that IAS officers would follow the precepts and practices of ICS officers. Obviously, it proved to be an irrational and impracticable assumption. The environment in which the ICS functioned was radically different from the emerging scenario in which the IAS was to work.

The only possible civil services logic is public service or public interest. Public interest is hard to define as there are various definitions given by different interest groups. We have to define it in the context of the civil services.

In my view, to keep civil servants immune to political pressure and interference in the type of socio-political system we are in is unthinkable. When it is expressly provided in the codes of conduct and rules of government business that the political executive is supreme, civil servants cannot remain independent of political considerations. Total political neutrality is not possible in the absence of clear separation of areas of authority and responsibility of the political executive and permanent civil service. Only then can accountability be ensured.

THEREFORE, if I was in charge, my first decision would be to have distinct areas of responsibility and accountability for civil servants not to be encroached upon by politicians.

Integration of all echelons of the civil services would be my second priority. Today, the civil services of the Union, and more importantly those of the states, are highly fragmented with lines of responsibility and accountability running in different directions. It is difficult to take a holistic view of administration. A comprehensive enactment is urgently needed to bring uniformity among different services. I may, however, add that the draft Civil Services Bill of 2007 was a non-starter. It is essential to consult the lower formations of administration on shared values and sense of belonging.

The third aspect I would like to highlight is the need to harmonize the civil services with civil society. With increasing relevance of civil society in the wake of progressive enactments like the Right to Information, it should be possible to bring civil society closer to governance at functional and cutting-edge levels.

Bureaucrats should not aspire to be a part of the economic and political elites but of the emerging social elite that boasts of people like Rajendra Singh, Aruna Roy, Vandana Shiva, Anna Hazare, Ramesh Ramanathan and Arvind Kejriwal. The civil services ought to join forces with civil society organizations to amplify the voice of the voiceless. Thus civil servants can become a part of the leadership structure of the community. g

The civil services ought to join forces with civil society organizations to amplify the voice of the voiceless. Thus civil servants can become a part of the leadership structure of the community

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YOU'VE GOT TO G

It's about time that people came forward to force changes in the b

THE World Bank report on Worldwide Governance Indicators (WGI), released in June, covers aggregate and individual governance indicators for 212 countries and territories over 1996-2008. With a view to creating an internationally comparable measure of governance, it focuses on six dimensions. Percentile ranks indicate the percentage of countries worldwide that rate below the selected country. Higher values thus indicate better governance ratings. On the whole, India appears in the 25th-50th percentile group (see box, pg 11, top). So, out of 212 countries studied, 50-75 per cent countries have better governance grading than India.

The World Bank defines governance as the exercise of political authority and the use of institutional resources to manage society's problems and affairs. Governance is thus a function of political authority. It follows that quality of governance is directly proportional to the quality of political leadership that a country enjoys. Therefore, if after 62 years of independence, India fairs poorly in governance, it has its political leadership to blame.

The unfortunate part is that the people are aware of the abysmal character of the current crop of political leaders but find no alternative. The voter's dilemma is symptomatic of the deep-

If after 62 years of independence, India fairs poorly in governance, it has its political leadership to blame

Holding a mirror

It is commonly said that cinema is a reflection of society. Of late, villainy has become the exclusive domain of political leaders. The moment a character in khadi and a white cap appears on the screen, the audience recognizes him as the chief villain. Worse, he is shown to be occupying the chair of Home Minister. He patronizes criminal gangs, has corrupt police officers in tow and has no inhibitions in selling the country for money. He supports widows' homes overtly but demands women covertly. He divides people by instigating religious riots. In short, he is depicted as the most unscrupulous and devious specimen of humanity. Understandably, no political leader has disputed such a projection.

Two cartoons that appeared in the wake of the terrorist attack on Parliament showed the contempt in which the people hold political leaders. One showed a terrorist trying to dissuade another terrorist from entering the main hall of Parliament to lob grenades, saying, "No, no, don't kill Indian politicians. That will be a pro-India act."

ET TOUGH

e business of politicking

TRIPATHI N

(Above) UP don Ansari; (left) scene from anti-politician blockbuster *Rang De Basanti*: people's outrage finds artistic expressions

rooted malaise that afflicts the political system. At election time, there is not a single name that inspires confidence. A voter is forced to choose between known goons with multiple murder charges and notorious land mafia. Worse, even candidates accused of rape stand for election on national parties' tickets. The whole exercise becomes obnoxious and gets reduced to electing the lesser devil – whether to put a murderer or a rapist in charge of affairs.

Politics has come to be identified with everything immoral and decadent. Politicians' standing is at its lowest ebb today. They are derided in the media and at public gatherings (see box, pg 10).

People resent state security provided to criminals masquerading as mass leaders. Many are of the view that if a leader is so cowardly with regard to his personal safety, he might as well stay out of public life as no one forces him to be in politics. Like common citizens, leaders should also learn to live with day-to-day trepidation and risk.

IN India, it is not the quest for public service that motivates people to join politics. Politics has become the most lucrative profession, having acquired the traits of family business. All sensible and far-sighted parents want their children to join politics. It is commonly said that a single tenure even at the municipal corporation level is good enough to cater for the next three generations. Many among the present crop of political leaders started as petty traders and today command wealth worth hundreds of crores of rupees. In no other profession can so much be amassed in so short a time.

Undoubtedly, politicians are the fountainhead of all fissiparous tendencies in India. They threaten the fabric of India's social cohesion by seeking votes in the name of caste, religion and region. They have a knack and penchant for generating innovative issues to divide the people and keep them embroiled in petty discords and internal dissensions. To them, vote-bank politics preclude letting countrymen stay united. One does not have to be a visionary to predict the danger of abetting illegal migration from Bangladesh for garnering votes. If political leaders can imperil national security for the sake of power, they can stoop to any level.

Sadly, political leaders cannot be expected to change as they believe in the ends and not the means. They bank on short public memory to remain in the business of politicking. It is time the people came forward to force changes. g

At election time, a voter is often forced to choose between known goons with multiple murder charges and notorious land mafias. Candidates accused of rape stand on national parties' tickets

World Bank's grading of India

Voice and accountability	58.7
Political stability and lack of violence	16.7
Government effectiveness	53.6
Regulatory quality	46.9
Rule of law	56.5
Control of corruption	44.4

All figures in percentile rank

Of the people, by the people

- All leaders over 65 years of age must be rejected outright.
- No leader should be allowed more than two tenures of Parliament (both Houses put together) and Assemblies.
- Any party that puts up candidates with criminal background should be considered anti-national and discarded.
- Any leader promoting his progeny must be shunned.
- Political parties must be made to fear the wrath of the awakened public.

THE FINAL

Now's the time to clean up the administration and n

by Gen. Ashok K Mehta

SIXTY-TWO years on, four wars, several skirmishes and over 30,000 martyrs later, our security forces still man unsettled borders with China and Pakistan – a harsh fact which has kept a rising India stuck in the South Asian subcontinental groove rather than emerging as an Asian power. This collective failure provides substantial evidence of inadequacacies in governance, defence and diplomacy, and woolly strategic and security thinking. The Himalayan debacle of 1962 had its roots in India's acquiescence to China's 1950 invasion of Tibet.

Let's stick to Kashmir which is Pakistan's grand obsession and an albatross around India's neck. The war in Kashmir began even before the Maharaja signed the instrument of accession in October 1947. The Indian Army fought its longest military campaign for which it was ill prepared and against heavy odds but still secured substantial territorial gains. Taking Kashmir prematurely to the UN and seeking a ceasefire was not the wisest thing to do but the British, who oversaw the war on both sides, forced the decision for their own long-term interests. Had we captured the Northern Areas, the history and geography of the region would be different. Alas, our leaders had little experience in statecraft and higher direction of war.

The Kashmir war is still being waged by Pakistan through overt and covert means. In 1965, Pakistan attempted a second wave of infiltration which escalated into war with India holding the balance of advantage. Militarily, it was suboptimally planned and executed though it took the heat off Kashmir. The Indian Air Force, which played a key role in stemming the tide, was kept in the dark.

Significant tactical gains in Kashmir like the Haji Pir Pass in Poonch and Point 13620 in Kargil were bartered away in Tashkent, ignoring the strategic implications of both these high ground launch pads for infiltration and insurgency. Point 13620, which was captured and returned to Pakistan twice in 1965, was finally seized for good in 1971.

India missed a grand opportunity to convert the 1971 military victory in East Pakistan into politico-diplomatic success by forcing a settlement of Kashmir along the readjusted Line of Control as the international border. Returning territory and 93,000 prisoners of war to Pakistan without reciprocal gains was a startling diplomatic blunder.

Between 1971 and 1990, when the proxy war picked up following the rigged elections in Kashmir, cross-LoC skirmishes continued intermittently. Much water has flowed down the Chenab with nearly 45,000 people killed in the proxy war to instigate a popular uprising against the Indian state in Kashmir that included the failed Kargil invasion of 1999. The Indian Army-led security forces have thwarted Pakistan's direct and indirect means of wresting the Kashmir Valley which was aided by misgovernance and exacerbated by a nexus between militants, elements of the state and foreign non-state actors. Such anti-national connections are not peculiar to Kashmir but are prevalent in insurgency- and Naxal-affected states in the country.

REUTERS

Violent demonstrations in Kashmir: for *azaadi* or for better governance?

Two of the most vicious and spectacular cross-LoC *jihadi* strikes were the Lashkar-Jaish attack on Parliament in 2001 and the Lashkar assault on Mumbai last year. The first led to the 10-month India-Pakistan confrontation codenamed Operation Parakram which came pretty close to war. The Mumbai attack came across water, making it the most high-profile and deadly terrorist operation anywhere. Pakistan-sponsored *jihad* is invoked in

After the incredible achievement of fencing the LoC and realignment of the counterinsurgency grid, infiltration has been brought down to a trickle and 95 per cent of infiltrators are neutralized near the LoC and fencing

OPPORTUNITY

d move the autonomy debate into Parliament before the Taliban gets a foothold

the name of Kashmir and its people allegedly subjected to 62 years of Indian occupation and attendant atrocities by the security forces.

Terrorist attacks continue across India despite the Pakistani leadership's affirmation at least four times at the highest level that it will not permit use of its soil for terrorist attacks against India. The Kashmir *jihadi*s operate with the full knowledge and assistance of the state, certainly the ISI which regards them as a strategic asset. Both are opposed to the India-Pakistan peace process and act as spoilers to derail it. But Pakistan's finessing of *jihad* is more complicated than just that.

The Indian state has not succeeded in deterring *jihadi*s or elements sponsoring them from launching terrorist attacks against prime political and commercial targets in India's heartland. Kashmir is no longer attractive for operations, especially after the Army has sanitized the LoC and the hinterland through fencing and a tight counterinsurgency grid.

THE theatre of terrorist action has been forced out of Kashmir by sustained counterinfiltration and counterinsurgency operations. For the first time in 20 years, infiltration has been reduced to a trickle and violence to its lowest levels both in scale and intensity.

Containment of militancy has not been easy, constrained by use of minimum force – heavy weapons or aircraft as in Pakistan, Afghanistan or Sri Lanka are taboo – but exemplifying good faith and the Army Chief's Ten Commandments that have guided observance of human rights. After the incredible achievement of fencing the LoC and realignment of the counterinsurgency grid, infiltration has been brought down to a trickle and 95 per cent of infiltrators are neutralized near the LoC and fencing.

In April and May this year, about 100 to 150 militants attempted crossings in Keran-Kupwara-Gurez on the Shamshabari Range, at places with 50 feet of snow. They were foiled due to efficient intelligence, early warning devices and employment of smart forces. Last winter, in this heavy-snow belt, 89 avalanches were recorded, all sure death traps. UAVs were able to track down infiltrators who had breached the fencing to safe houses. Another 400 militants poised to follow were thwarted.

Up to June 15, only 44 cases of violent incidents were recorded of which 28 were grenade-throwing. In 2004, there were 980 incidents, progressively brought down from the high of nearly 2000 in 2001. The terrorist population has also been whittled down from 2500 to 3000 in 2001, to 600-800 today. Eliminating 70 per cent of the top leadership of the foreign and indigenous terrorist groups has put militants on the defensive, unable to confront troops and forced to outsource even grenade-throwing. More militants are therefore arriving from Nepal and Bangladesh than across the LoC. But violence levels could escalate should the Pakistan Army and ISI, engaged in the West, decide to reignite the Kashmiri *jihad*.

Despite dire warnings, no Taliban footprint has been observed in Kashmir. Kashmiri civil society, nurtured on Kashmiriyat and Sufism, has successfully resisted succumbing to Taliban Islam and is unlikely to support it. The Punjabi Taliban, the more fierce version

More militants are therefore arriving from Nepal and Bangladesh than across the LoC. But violence levels could escalate should the Pakistan Army and ISI, engaged in the West, decide to reignite the Kashmiri *jihad*

of the jihadi groups operating out of PoK, made its debut last month in Muzaffarabad by launching the first suicide attack against an Army camp. Further, terrorist groups like LeT, JeM and Harkat, banned by Pakistan, have expanded recruitment and operations in PoK which includes opening of *madrassa*s.

WHETHER Kashmir is insulated from the Taliban only time will tell. It is the suicide bomber who has to be kept at bay. In the past there have been Fidayeen attacks in Srinagar but none like the classic belt bomber. Muzaffarabad, a mere 30 km from the LoC, is connected to Srinagar with a regular bus service and Indian security forces have to be prepared to counter the Taliban and the human bomber while maintaining a tight leash on armed militancy.

The Army has created the best ground conditions ever for taking internal and external political initiatives. It has presented another opportunity to the political leadership at the Centre and state to resolve the Kashmir dispute. In 2007, back-channel dialogue between India and Pakistan yielded a five-point Kashmir formula which was squandered due to the fragile domestic situation in Pakistan and lack of political will in Delhi.

Kashmiri politicians say the Army has done its job, pacifying militancy and containing violence. Governance has not matched up to standards set by security forces. The frustration of the youth and the people is being showcased on the streets of Baramulla and Shopian, people venting anger and rage at the Army whereas the actual culprits are the state police and local administration. Kashmiri politics is in a mess, stoked by calls for *azaadi* on the streets. This is a good chance to clean up politics and streamline administration in the state and move the *azaadi* debate from the streets to the legislature as autonomy.

REUTERS

Taliban trainees in Pakistan: looking for their Indian window

Pakistan's attempts to wrest Kashmir by war and armed insurgency have failed. It is now encouraging subversion and psywar through street wars – employing stone pelting or at the most hurling a grenade. Civilian leaders must not fritter away the hard-earned gains of the Army and security forces and need to improve governance and accountability.

Kashmir has been a measured success story for the Army in management of the LoC, quelling violence and marginalizing militancy. The challenge for the security forces is to keep the lid on the Valley while the state and Centre cap the discontent and alienation with an acceptable political solution. Sixty-two years after *swaraj*, governance, politics, security and diplomacy – which for the most part have been below par – must improve and act in sync. This is the last chance to settle Kashmir on favourable terms. The Taliban is not far away.

The challenge for the security forces is to keep the lid on the Valley while the state and Centre cap the discontent and alienation with an acceptable political solution

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Rebottle the genie of lawlessness

The country continues to pay a huge economic cost for aggressive indiscipline

ABOUT 20 years ago, as Internal Security Minister, P Chidambaram described an incident he had witnessed at a conference of India's top police officials to underscore the point that the people had lost trust in the police and the time had come to regain it. This was the incident: "My car, escorted by policemen, was making its way through crowds. A young man accidentally fell down before my car. When a policeman tried to pick him up, he started wailing, 'I beg your forgiveness and mercy. Spare me, don't beat me, I have not done anything wrong.' This clearly shows that the very sight of policemen is associated with fear and harassment and people want to stay clear of them."

As an instrument of colonial power, this was the image of India's police before Independence. Not only has it not changed since, it has actually become worse. Generations of ordinary policemen enter the force after paying a huge amount to some political fixers and then get into the habit of making some money by misusing their uniform to recoup the amount paid for entry and for getting choice postings. A Transparency International-CMS survey of corruption in 11 basic services availed of by Below the Poverty Line (BPL) families ranked the police service at the top.

Here is an incident I witnessed in power-drunk Delhi that illustrates another facet of India. A policeman was attempting to stop unruly drivers from entering a busy road from the wrong end. A well-dressed young man driving an imported SUV ignored the policeman's protest, entered the road from the wrong end and then threw a couple of hundred-rupee notes at the policeman before driving away. Cursing, the policeman noted down the vehicle details, then picked up the money, and left.

This scenario is of the new citizenry that is getting used to a way of life in which laws and rules and their enforcement have no place. The most frightening aspect is the blatant use of one's might, money and influence to get whatever one wants. If one does not have money and influence, the next best thing is to stay close to those who do.

The national capital had set the example by overturning a court decision that declared illegal furious construction activity in many of its congested parts

Today no law or rule is sacred. Anything that prescribes order in society is subject to manipulation and disregard. No one in the political system is concerned about this. On the contrary, they encourage it as part of competitive electoral politics. In Bangalore, a government set to go out of office passed a law to regularize all illegal constructions and land encroachments, since its constituents were the biggest gainers. There were no protests from any quarters, although such regularization of unauthorized constructions would have serious implications for the future of India's Silicon Valley. The national capital had set the example by overturning a court decision that declared illegal furious construction activity in many of its congested parts.

The issue of moral hazard, that is, governmental action that benefits lawbreakers over the law-abiding, and encourages people to think that governments can be bent with minimal street action to regularize any illegal act does not figure highly in India's political discourse. At one time in our short history as an independent nation, the Union government and its leadership, unlike the states, was known to uphold some basic laws and principles in the interest of orderly nation-building. The arrival of coalitions in Delhi compromised this. The high economic costs of non-rule based and ever-compromising governance are visible whenever we try to move from Third to First World status our highways, power sector, urban planning, environment protection, health, law and order or any other aspect of development. Yet this economic cost has not been estimated.

There is a glib view that this is a passing phase of a society in transition. As the saying goes, "What is bred in the bones, will never be out of the flesh". Law-abiding behaviour is not induced by economic prosperity. The more money one has, the greater perhaps the tendency to buy immunity from the law. g

The writer was Principal Information Officer, Government of India

Raja for all
out to win friends, influence people

IT is said Communications Minister A Raja, belonging to the DMK, is seeking an image makeover. After the controversy in which he was alleged to have tried to influence a judge of the Madras High Court, Raja is peeved with the media in his home state. The media blew up the issue after the AIADMK statement charging him with making the telephone call to the judge.

Seeking to make a mark with the national media, he has given a PR executive the task of endearing him to mediapersons in the national capital. And the brief is not to single out scribes from the South working for various newspapers and TV networks but to be all-inclusive. The PR person has had her share of controversy in the past and many people are wondering aloud if she will be able to deliver.

Raja, who usually steers clear of the Central Hall of Parliament, was recently seen tarrying beneath the high dome in an apparent bid to send signals that senior mediapersons could approach him. However, few scribes ventured to chat with him.

Tharoor's 5-star jaunt
government guesthouse unsuitable

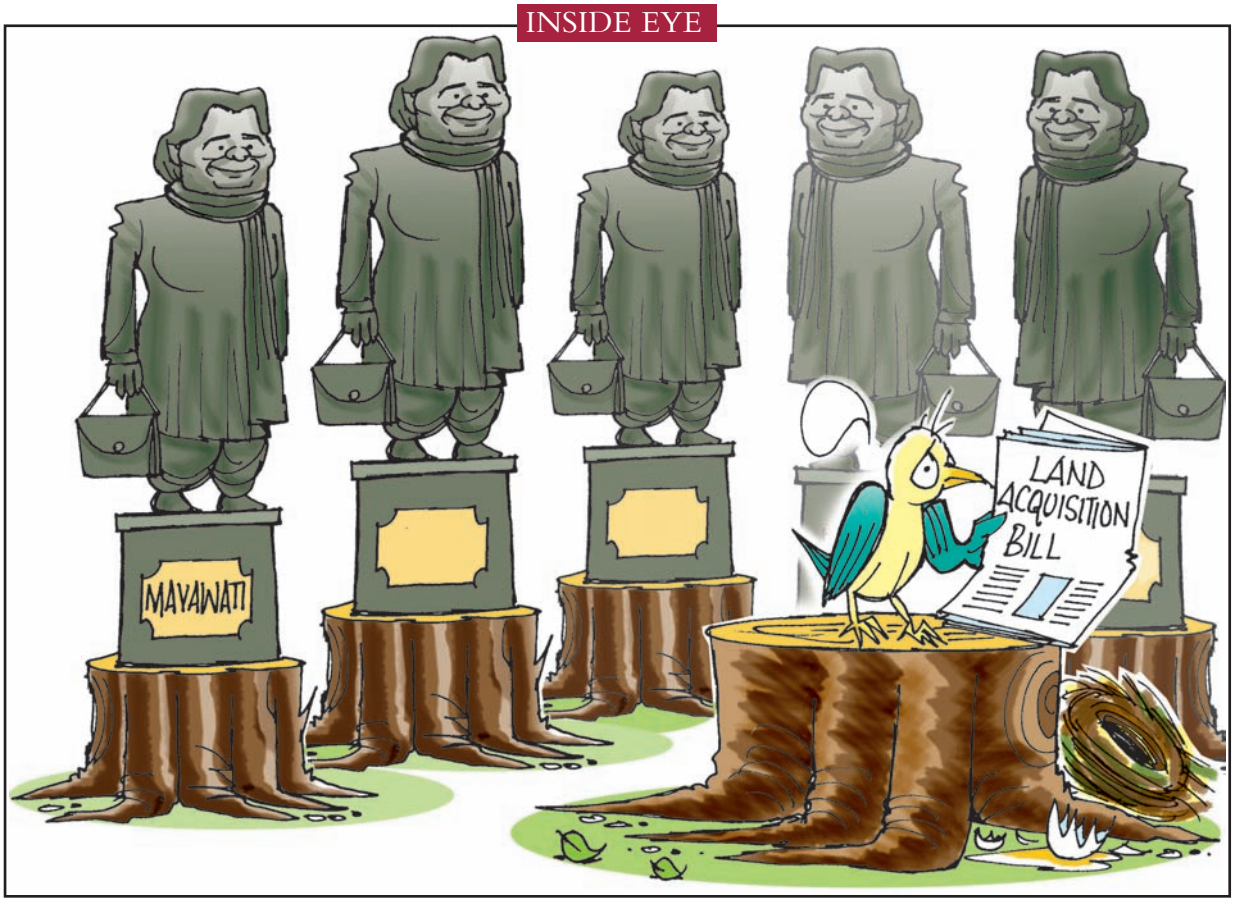
BY now, everyone knows that the new Minster of State in the MEA, Shashi Tharoor, is rather different from our average politician. And we are not referring to his tweeting! He had a distinguished career as a United Nations official and an author and columnist before he decided to take a plunge into politics in the last general election.

He was the UN Under-Secretary General for Communications and Public Information between June 2002 and February 2007. When the election for the office of Secretary General took place in 2006, he was India's official candidate but secured second place. Once he won the Lok Sabha election, it was understood that he would be a Minister.

However, after the electoral victory, he was given a 120 sq ft room in the Kerala government guesthouse. Tharoor shifted to the Taj hotel. Considering his background, this was quite in order. But it raised a lot of eyebrows in official circles. In India, MPs, especially Ministers, do not come to the House from 5-star hotels!

Azhagiri juggling affairs
minister yet to find feet in delhi

ON the insistence of Tamil Nadu Chief Minister M Karunanidhi, his son, MK Azhagiri, has been uprooted from his home state and made a Union Minister with Cabinet rank. This was



ILLUSTRATIONS: ARUNA

done to avoid a showdown in the family with brother MK Stalin emerging as the heir apparent to the CM at Fort St George in Chennai.

Azhagiri has three personal secretaries, including a highly trusted person brought in from Chennai. But he is mostly in Coimbatore as he is worried that, during his absence, somebody might usurp his borough. Overseeing the Chemicals and Fertilizer portfolio, his Minister of State is Shrikant Jena of the Congress. There is hardly any communication between the two as Azhagiri barely speaks English or Hindi. It is unclear if he has ensured proper distribution of work.

When Azhagiri assumed office amid much fanfare, he was quite curious about all the phones on his desk. Unsure of whom to ask, he often rang up his uncle, Union Textiles Minister Dayanidhi Maran, for help.

Not Joshi's cup of tea

delhi not suiting rahul-picked rajasthani

UNION Rural Development Minister CP Joshi, a handpicked colleague of Congress General Secretary Rahul Gandhi, is reportedly all at sea when it comes to discharging his duties and responsibilities. The Ministry has several flagship programmes of the Congress-led UPA government. Insiders aver that Joshi is feeling like a fish out of water. He has approached the Prime Minister's Office for changing some of the schemes of the Rural Development Ministry.

It appears that Joshi, who has been a legislator in Rajasthan, is floundering in the new and overwhelming environment of the national capital. Will somebody please help...? g

How about a new stimulus plan with real dynamite?

The industrial lobby has been hogging the attention of our politicians and bureaucrats to the detriment of solid economic progress

IT was late 1972. Maharashtra was facing a second round of drought within a decade. One of the then leading magazines asked me to write on famine relief work. I chose Ahmad Nagar district and visited several sites where famine relief work was going on. At some places, men and women were breaking stones to pave roads. Elsewhere, they were carrying soil from one place to another.

When I spoke to them, the main complaint was of no proper payment. If I remember correctly, the minimum wage was Rs 2.50 a day. Most of them got a fraction of it – due to out-put measurement. The work they were doing had no relation to their needs. It was a most uncreative job and there was no sense of satisfaction on their faces.

In 2007, I was on a similar assignment, to see panchayats reputed to be doing "wonderful" work under NREGA in Himachal Pradesh. At the work sites, people were building roads, cutting bushes in the vicinity and laying gravel. Some were breaking stones, others were collecting soil to spread over the gravel. The minimum wage was Rs 100 a day. The main complaint: they got a fraction of it. Most received only about Rs 36-40. The reason: wages were calculated on the basis of out-put measurements.

Thirtyfive years had passed. It was the same story, the same work, and the same complaint. Why haven't we learned anything in these 35 years? I think it is due to the lack of vision among our politicians and bureaucracy that has sold out to the industrial lobby.

Let me state that I support NREGA fully. So, if I were to implement it, what would I do differently? To begin with, my problem analysis is different than the one propagated for NREGA. Our major failure in the past 60 years has been that we have been unable to bridge the gap between the rural and urban areas as far as basic services are concerned. We have failed to provide quality healthcare and education to the rural poor. These services are concentrated in urban areas.

The Prime Minister talks about inclusive growth. Now, is this possible without inclusive democracy? For the latter, these two basic services – proper healthcare and education – should be universally available.

Can NREGA be used to build a system of fast transport from villages to urban areas? We need a transport system that doesn't depend upon "external" resources such as oil. How about the laying of a system of railcars that run on solar electricity (for the time being, we can compromise on nuclear power). Laying of such a system would involve 60 per cent manual labour and 40 per cent for rail tracks and construction of bridges if needed.

Our major failure in 60 years has been that we have been unable to bridge the gap between rural and urban areas as far as basic services are concerned

The availability of such a railcar system would enable a sick person to be taken to hospital within an hour or two. It would also enable children to attend good schools, and people to ferry their 50 or 60 eggs, or 20 kg of vegetables, or 20 litres of milk to urban areas for selling.

A landless person who usually works in the village can, during the off-season, go to an urban area to ply a rickshaw or do some manual labour and return home by evening. A person living in a rural area but working in an office in an urban centre can commute daily.

Rural employment: building roads but not building a nation?

Can NREGA be used to build a system of fast transport from villages to urban areas? We need a transport system that doesn't depend upon 'external' resources such as oil. How about railcars that run on solar electricity?

Instead of travel amounting to 20 km by road per day, and the consequent increase in oil imports, isn't travel of 20 km by railcar per day a better option? Naturally, this would be opposed by the automobile industry. This industry has already destroyed our cheap trams, which could have stayed on like the Chicago trams. But if the core of India is to be bettered, we need to tackle the automobile industry and decrease our dependence on oil.

We also need to be wary of the precedent of Maharashtra's EGS, which started with every good intention – to provide manual labour to everyone who needs it. It had its implications on the rural labour market. The landed gentry that controlled Maharashtra politics started feeling uneasy. So they insisted on inclusion of percolation tanks, irrigation work and work on private land. It was accepted. The reason given was that, when the landed gentry get richer through cash crops, wealth is created which in turn creates employment in the villages – removing poverty.

What actually happened? The landed gentry did accumulate wealth through improved farms and irrigation systems but the money went to urban areas because they bought flats in cities and sent their children to cities for higher education. No wealth was invested in the villages except perhaps building palatial houses, thus providing some employment for tradespeople and labourers. The money went in buying Enfield motorcycles first and then Mahindra Jeeps, and the like. The net result was that today the disparity between the rich and poor in Maharashtra is far greater than 30 years ago.

One way of decreasing this disparity is to provide a cheap and fast transport system that runs on the principle of equity and is controlled by panchayats. The poor, the sick, women, and school-going children get concessions. The automobile industry can be asked to produce railcar engines and coaches.

It is time we start looking afresh at our approach to spending taxpayers' money, for it should decrease disparity and not the other way round. g

GDP Obsession

The schemes and expenditures in the Budget for rural I

by MG Devasahayam

PRESENTATION of the annual Budget has been the most consistent act of governance during the 62 years of our independence. The first Budget of independent India was presented by the first Finance Minister, RK Shanmugam Chetty, on November 26, 1947. The 62nd Budget was presented by Finance Minister Pranab Mukherjee on July 6. The nation has undergone a sea change during these decades. But governance seems to have lost its steam. Hence the Finance Minister's call in his Budget presentation for "Re-energizing government and improving delivery mechanisms to provide high quality public services, security and the rule of law to all citizens with transparency and accountability."

This "re-energizing" is to "lead the economy back to the high GDP growth rate of 9 per cent per annum" and to "deepen and broaden" the agenda for "inclusive development" – the two challenges the Finance Minister has set for the government in the short- and medium-term perspectives.

India's "suffocating bureaucracy" is the least efficient among 12 rising economies, according to the Hong Kong-based Political & Economic Risk Consultancy's business survey, and working with the country's civil servants a "slow and painful" process. In the event, re-energizing of government becomes a must. But do the "challenges" posed by the Finance Minister in his Budget offer enough spark to "re-energize" government?

First, the GDP. In a country like India with a massive population consisting of several layers of income and vastly disparate economic opportunities, is GDP the true measure of growth? In fact, excessive obsession with GDP growth bordering on paranoia has skewed the economy and has led to vast disparities in income and living standards. It is time genuine economists pooled their thinking and evolved growth indicators for different income groups – poor, low, lower-middle, middle, high, upper and rich. Only then will there be equity and fairness in the allocation of physical and financial resources as well as apportionment of environmental assets which as of now are extremely distorted.

SHARAD SAXENA

Fancy urban malls and industrial smokestacks: are they the only growth-drivers?

Second, "inclusive development". It looks as if all our economic policies and priorities are proceeding on the wrong premise that "inclusive growth" is partaking of the State's largesse and not sharing the country's prosperity. There cannot be a better description of inclusive growth than the famous proverb: "Give a man a fish; you have fed him for today. Teach a man to fish; and you have fed him for a lifetime."

But the various schemes and massive expenditures outlined in the Budget are more of handouts with huge financial outlay aimed at giving a man a fish only and not teaching him to fish. Given the huge fiscal and revenue deficits these outlays are unrealistic, may not materialize and could substantially shrink before the year is out.

If inclusive development in the rural and agricultural sector is to have any meaning, small and marginal farmers should move away from the subsistence syndrome to a surplus situation wherein they earn adequate income to pay for balanced nutrition, dignified shelter, decent clothing and quality education for their children. For this agriculture needs to be redefined, its activities diversified and development integrated.

With average farm holdings of around two acres, primary activities alone cannot bring about a surplus situation for the small farmer. Agriculture as a form

= Economic Paranoia

al India are aimed only at giving a man a fish but not teaching him how to fish

REUTERS

of industry should be diversified and modernized and formed as entrepreneurial activities by integrating primary (farming), secondary (agro-industries) and tertiary (services) functions for substantial value-addition.

The Finance Minister concedes that the unorganized or informal sector of our economy accounts for 92 per cent of employment and absorbs the bulk of the annual increase in our labour force. Two years ago, the National Commission for Enterprises in the Unorganized Sector reported that 77 per cent of these are *les miserables* living on less than Rs 20 a day! Yet, in the Budget there is just a mention of some action to chalk out social security schemes for various occupations falling in this category and nothing regarding "inclusive" financial or resource allocation to make this critical sector a vibrant part of the economy.

Moreover, youth and sports, constituting "vibrant India", does not find any place in the so-called inclusive development. Only the Commonwealth Games has been given additional funds that will benefit some officials and contractors.

The challenge of re-energizing government is basically addressed to the elite civil services who are the leaders of the bureaucracy. If this challenge is to be met, certain basic realities need to be understood and factored in. Central and State governments and the district administration manned by members of these services were designed for a workforce that is fast losing its relevance. The civil service system in India has virtually stood still for the past six decades, but the culture of work has changed dramatically, in no small part due to the demands of accelerated economic development, inclusive growth, entrepreneurial upsurge and global competition.

Inclusive development means small and marginal farmers should move away from subsidies to a surplus situation, earning income to pay for balanced nutrition, dignified shelter, decent clothing and quality education

GOVERNMENTS and districts in India are not configured to offer the work bright young Indians want. Beset by functional inefficiencies, political and financial scandals, debilitating corruption and rampant rent-seeking, governments have failed to articulate a clear vision of how to recruit and motivate a work force with performance and efficiency as guiding mantras. Government departments and agencies are struggling with the mediocre personnel they have, and there is no thought of a new public service in which experience and expertise moves freely among the government, private and nonprofit sectors, and fresh ideas flow in like a mountain spring. Instead, what we see is unhealthy in-breeding and promotion of parochial agenda amidst civil servants!

Re-energizing governments would require a distinct work-culture and efficiency platform. State hierarchies, thickened by needless layers of departments and agencies, cannot provide this. The Sixth Pay Commission, unleashing massive pay-packets without corresponding performance standards and integrity, has failed. The giving-a-man-a-fish Budget hardly offers any challenge. g

Calculator

by TR Ramachandran

UNION Finance Minister Pranab Mukherjee is, to use an unavoidable cliché, truly a man for all seasons. Peering at decisions through the prism of a politician, he is reliably present to extricate the Congress party from any situation. But his greatest asset is his knack for taking calculated risks for, when something catches the people's fancy, the party romps home at the hustings. Though Pranab*babu* continues to be a strong votary of single-party rule, he has adapted easily to the reality and compulsions of coalition politics, articulating government policies in a manner that secures the political advantage for his party. A workaholic, he has headed over 50 Groups of Ministers dealing with crucial issues.

Simply put, Pranab*babu* is such an indispensable part of the Congress-led UPA government that impartial observers accuse him of virtually running it. The lurking doubts about his loyalty to the Nehru-Gandhis is buried in the past. Today, Pranab*babu* is acknowledged as a party apparatchik and highly respected, with a reputation as a number-crunching politician with a phenomenal memory and unerring survival instinct. After Sonia Gandhi reluctantly decided to join politics, he was one of her

SHARAD SAXENA

Pranab: strides of confidence

PRANAB MATTERS

A computer-like memory, calibrated analytical prowess and intelligence are intoxicating ingredients of political success and durability. The best example: Pranab Mukherjee.

A pious man who performs the role of priest during Durga *puja* at his paternal home in his village, he is thought to believe that he owes his success to the divine blessings of the goddess. But none doubt that many of his extraordinary human attributes have also contributed to his success in the rough-and-tumble world of electoral politics in which success eluded him until 2004.

Pranab*babu* has an enviably elephantine memory. He can recount details of an event that occurred half a century ago at a minute's notice. This is not just a cognitive process, it is a feeling for history that imbues him with the rare insight that Sonia Gandhi is said to regard with admiration. His opinions matter.

These very merits had once endeared him to Sonia's mother-in-law Indira Gandhi. Pranab*babu*'s qualities are an advantage in a changing political milieu shallow in political intellect. In addition, there are very few politicians around today who were equally active three decades ago at the national level. He is like a perpetual Cabinet Secretary with invaluable institutional memory.

Pranab*babu* is adept at taking calculated risks. When he pushed the proposal for a whopping loan waiver for farmers to the tune of Rs 75,000 crore, there was widespread scepticism among his colleagues. Where would the revenues

# of risks

His innate ability to articulate policies in simple but meaningful political language has added a new dimension to the Congress

key mentors – citing instances of how Indira Gandhi functioned.

But the path to attaining this was at times littered with thorns. The mild-mannered politician from Bengal faced such setbacks with equanimity, without lifting a finger at anyone. After the assassination of Indira Gandhi and the installation of an unwilling Rajiv Gandhi as Prime Minister, Pranab*babu* suddenly found himself in the political wilderness. The Rajiv coterie perceived him as harbouring Prime Ministerial ambitions and posing a threat. Remaining low-key and free of controversy, Pranab*babu* floated his own party – Rashtriya Samajwadi Congress. Later, he merged it with the Congress after convincing Rajiv that the suspicions about him were unfounded. His political career revived with PV Narasimha Rao becoming Prime Minister in 1991. Pranab*babu* was appointed Deputy Chairman of the Planning Commission. He was given the External Affairs portfolio for the first time in 1995-1996. In 1997, he was voted "Outstanding Parliamentarian".

LOYALTY as well as competitiveness has led to his proximity to Sonia Gandhi and Prime Minister Manmohan Singh. After the Congress returned to power in 2004, he became Defence Minister but his crowning moment came during the passage of the Patents Amendment Bill. The Congress was committed to passing it while the Opposition and Left parties supporting the UPA government from outside opposed the monopoly aspects of the Intellectual Property Rights. Roped in for negotiations, Pranab*babu* drew on old friends like CPI(M) stalwart Jyoti Basu and formed new intermediary tie-ups. He also had to convince some Congress Ministers like Kamal Nath. Memorably stating at one point that "it is better to have imperfect legislation than none at all", his efforts were rewarded when the Bill was finally approved in March 2005.

Noticeably, Pranab*babu* has excellent relations with leaders across the political spectrum and thus has been the Congress' main trouble-shooter. He has been consistently in the forefront in evolving consensus within the Congress as well as with its allies, especially the Left. Tasked with keeping the Left on board during the first UPA government, he managed to do it for four-and-a-half years. He still expresses regret, privately, that the Left withdrew support over the Indo-US nuclear agreement at the fag end of the UPA's first tenure. It has been his only failure. He says the parting of ways was due to the Left's adamant stand, which did not become it especially as it is unable to implement its ideology.

After the UPA's return to power this year, Pranabbabu's good offices were again sought to keep Trinamool Congress chief Mamata Banerjee in good humour and impress upon her to join the government. Sonia Gandhi praised his contribution in bringing the UPA back to power and Leader of the Opposition LK Advani said that without Pranab*babu* in their ranks, the UPA

come from? P Chidambaram was the Finance Minister then. Pranabbabu convinced his colleagues of the dire need for such a measure. The move paid massive electoral dividends across rural India and is said to be a major factor in the Congress's return to power.

Now, by his own admission, he has taken another risk as the Finance Minister by pumping a huge sum of money for social welfare schemes, infrastructure to further stimulate the economy in the wake of the global financial meltdown. He may not have produced a Budget that excites India Inc and the stock market but he has played it safe and sound.

In his political life he has always risen above pettiness. In Bengal, a constant charge against him was that he did little for the state despite being in key positions of governance. But he believed that he could not give priority to any state as a Union Minister. But there's a change. Now that he has been popularly elected from Bengal twice in a row and has a power base of his own, rather than depending on a Rajya Sabha sinecure, there can be no side-stepping the Bengal and particularly the Jangipur connection. Every weekend he is in his constituency.

While the nuclear debate was raging he quipped, while defending the government's position, that he had been accused of "selling the sovereignty" of the country twice earlier and would not mind being accused of the same for a third time. But he bears no malice towards his critics.

would not have completed its five-year term. Former Union Minister and key election strategist for the BJP Arun Jaitley added that Pranab*babu* is one of the country's best politicians.

Now a septuagenarian, he is the son of Kamada Kinkar Mukherjee, who was a member of the AICC and also of the West Bengal Legislative Council from 1952-64. President of the Birbhum District Congress Committee, Kamada Kinkar was a freedom-fighter who spent 10 years in prison. Pranab*babu* acquired postgraduate degrees in history and political science, and also became a lawyer. He began his career as a college teacher and then dabbled in journalism, working for the Bengali publication *Desher Dak* (Call of the Motherland). His political and parliamentary career has spanned nearly four-and-a-half decades. He first became a Rajya Sabha member in 1969, and was re-elected in 1975, 1981, 1993 and 1999.

IN 1973, he joined the Union Cabinet as Deputy Minister of Industrial Development – by accident. He had gone to Rashtrapati Bhawan to attend the swearing-in and was included when the number of Ministers was found inauspicious. He rose through a series of Cabinet posts to become Finance Minister in 1982. Rated as the world's best Finance Minister by *Euromoney* magazine, his term became notable when India did not withdraw the last instalment of $1.1 billion of an IMF loan. Manmohan Singh was then RBI Governor.

Pranab*babu* has been president of the West Bengal Congress Committee since 1985. In 2004, he became Lok Sabha leader, having won his first Lok Sabha election from Jangipur, West Bengal. He retained the seat this year. He has headed a host of high-profile Ministries such as Defence, Finance, External Affairs, Commerce and Industry, Economic Affairs, Revenue, Shipping, Transport and Communication. He also leads the Congress Parliamentary Party as well as the Congress Legislature Party.

PIB

Pranab (right) with Sonia and Manmohan Singh: a matter of trust

Loyalty as well as competitiveness has led to his proximity to Sonia Gandhi and Prime Minister Manmohan Singh. After the Congress returned to power in 2004, he became Defence Minister but his crowning moment came during the passage of the Patents Amendment Bill

His distinguished legacy includes the historic Indo-US nuclear agreement. He has been a member of the Board of Governors of the IMF, the World Bank, the Asian Development Bank and the African Development Bank. In 1984, he chaired the Group of 24 attached to the IMF and the World Bank. He has also presided over the Saarc Council of Ministers Conference. Known for his clean image, during a 1998 interview he was asked about sleaze in the Congress government and observed that corruption was an issue and not confined to the Congress.

Ironically, he was considered for the office of President of India but then left out as his contribution to the Cabinet was indispensable. He was awarded the Padma Vibhushan in 2007.

Today, he visualizes a bright future for Rahul Gandhi, who calls on him frequently to discuss political strategies and learn from his vast experience as a quintessential politician. His innate ability to articulate policies in simple but meaningful political language and to take risks in the larger interest of the *aam aadmi* has added a new dimension to the Congress. Like Rahul, he feels the Congress should go it alone in the Hindi heartland.

Pranab*babu* had at one time envisioned being Chief Minister of West Bengal. Now, with the Left Front crumbling in its bastion after over three decades, the Assembly elections in 2011 are likely to bring the Congress-Trinamool combine to power. Will destiny at last fulfil Pranab*babu*'s wish? g

The agony and the angst

The impending implosion of the Left is the latest in a litany of blown opportunities in a state beleaguered by non-performance and totalitarianism

by Diptendra Raychaudhuri

LONG years ago, when India attained freedom, Bengal was bifurcated and only West Bengal became part of India. It was an industrialized state in those days, second only to Maharashtra. But it invited, due to the Partition, its nemesis: a huge influx of refugees from the then East Pakistan. It became the state with the maximum density of population.

At the time, India was hopelessly poor and the only avenue for rapid industrialization was through the state sector. Dr BC Roy, the second Chief Minister, did his best to attract industrial units to the state. Apart from Calcutta and its surroundings, he developed the Durgapur-Asansol region as an industry hub also. But certain factors severely circumscribed his efforts.

West Bengal felt that Prime Minister Jawaharlal Nehru was not doing enough for the state which needed Central support. Journalist Ranajit Ray wrote a book to illustrate this with the help of statistics, *The Agony of Bengal*.

However, West Bengal's initial failure had its seed in certain extraneous factors. First, its industries, like jute and paper, were old and there was no visionary leader to think of industries for the future. Second, there was not enough food to feed the population. This gave rise to food movements that strengthened the Opposition in the state. Third, the communists lagged in properly understanding a democratic political economy and considered industrialists as an enemy of the people.

The state lost its momentum in industrialization, and a severe agricultural crisis became its curse. Historically, West Bengal and Maharashtra were two of the most important states. In 1960, West Bengal's per capita income exceeded that of Maharashtra. By 1993, it had fallen to just 69 per cent of Maharashtra's per capita income. The leaders of the state, politicians and bureaucrats alike, failed to lobby hard at the Centre or to extract concessions from various quarters. Years after independence, West Bengal was still dependent on the Central government for food. There was no great initiative in the agricultural sector and food production remained stagnant. Even the green revolution of the 1960s and '70s bypassed the state.

West Bengal was the first state in India where a political movement ushered in social equality. So-called low-caste people, Dalits and tribals started dominating rural society. The babudom in rural areas started crumbling

The difficulties resulted in unrest and radical ideas began to sprout. After Dr BC Roy's death in 1961, Prafulla Sen took over, but failed miserably to cope with the dissent. Finally, in 1967 the first non-Congress government was in the saddle with rebel Congressman Ajoy Mukherjee as Chief Minister and Jyoti Basu as his deputy. Those were the years when the Naxalite movement began, peaked and got crushed.

Siddhartha Shankar Ray, who became Chief Minister in 1972, was a man of ideas. But his regime was later remembered only for his "crush the Naxalites"

CPI(M) failed in Nandigram. In the panchayat, Assembly byelection and Lok sabha election, its Stalinist control was shown the door. Meanwhile, the Muslims turned away

agenda and the hooliganism of Congress workers. It dented his image so badly that only once since then has he won an election and become an MLA.

The Left Front's ascent in 1977 was sudden and unexpected even for its leaders. A Left Front-government led by Jyoti Basu, destined to write a new chapter in the world communist movement, assumed power amidst unparalleled euphoria as well as misgivings. Most of the people were euphoric, but a section was apprehensive of the designs of the communists and the moderate Basu was not reassuring enough for them.

An exodus started. It was not limited to flight of capital. Brilliant students left and flourished elsewhere while in the state totalitarian control over the education sector promoted partisan mediocrity. Efficient bureaucrats sought assignments outside the state.

MEANWHILE, as agricultural relations reforms unfolded, popular support surged. Operation Barga (registering of sharecroppers to protect them from eviction) and distribution of some land among the landless were important steps, but what really helped the poor and consolidated the Left base was ensuring payment of minimum wages to agricultural labour. Another major factor was social empowerment of the poor and the backward. West Bengal was the first state in India where a political movement ushered in social equality. So-called low-caste people, Dalits and tribals started dominating rural society. The babudom in rural areas started crumbling. In the cities, the medium and big industrialists and businessmen often faced the wrath of the red flag that reminded them constantly of the might of the working class. Previously, they had the backing of the state to protect them from fair or unfair militant unionism.

There was a significant spurt in food production from the 1980s, and over time it created a grain surplus. But the state was falling behind in the race for enhanced industrial output. However, the service sector grew faster than the national rate. But the service sector encompasses all sorts of jobs, including those that generate little income.

The first few years of Left rule were, administration-wise, a superb example of ad-hocism. With earlier experiences weighing heavily on them, the Left leaders felt their government would be dismissed if the Congress came back to power. And Indira Gandhi returned to power in 1980. When she did not contemplate any such step, they were left wondering what to do next. This was a period when the communists belonging to the CPI (M) believed that parliamentary democracy was only to be "used" for instigating the masses to prepare for a revolution. Theoretically, that understanding is still there. But one man punctured this anachronism and constantly prodded the party to adapt to democracy. Jyoti Basu brought the first change by proposing development of the joint sector. It was a major ideological break as it presupposed that industrialists were not an enemy of the people but essential for development. He also made the question of "deprivation by the Centre" a crucial political issue and followed it up, along with other Opposition CMs, with demands for devolution of power to the states.

Basu confounded the party again in the mid-'90s, when he placed a new industrial policy for the state without discussing it with, or taking approval from, the party. This policy was an open invitation for industrialists to set up shop in West Bengal. He had no option, particularly with liberalization and the diminishing role of the state in entrepreneurship since 1991. The state's share of total industrial output was 9.8 per cent in 1980-81. It declined to 5 per cent by 1997-98. Thus Basu made his last attempt to modernize the state.

Buddhadeb Bhattacharya, who took over in 2000, followed his predecessor's path but he went too far and lost his balance. He wanted to industrialize with a bang, making political mileage out of their past. He harped at meeting after meeting and at every public occasion that nobody would be able to stop them doing it. It was a curious case of propaganda unleashed with the assumption that the people were so ignorant they would not see through it. The whole thing was presented as though the failure to keep industrial development on track had been someone else's.

The hapless victims were the people of Nandigram and the highly fertile land of Singur. Instead of taking a considered decision, Bhattacharya thought of

The abysmal record in social indicators is staring the Left in the face. The incidence of hunger is highest in Bengal. The Left is now paying the price of non-performance

acquiring 10,000 acres in Nandigram block of East Midnapore district. When the villagers rebelled, the CPI(M)'s infamous cadre machine swung into action. It created a wedge between Nandigram, where the rebels were holed, and Khejuri, from where the cadre machinery operated. The police was on the side of the cadres and the people of Nandigram were compelled to drive out the communists from Nandigram and restrict the entry of the police. Then the police went in to reclaim the area with CPI(M) goons following. The villagers resisted, and there were deaths due to police firing while women were allegedly raped by the CPI(M) goons.

But the CPI(M) failed in Nandigram. In the panchayat, Assembly byelection and Lok Sabha election, its Stalinist control was shown the door. Meanwhile, the Muslims turned away when the Sachar Committee report said the condition of the community was worse in West Bengal than in many other states. In the infamous Rizwanur Rehman death case, the police intimidated and pressured Rizwanur to divorce his Marwari wife, and the police commissioner remained in office for weeks even after defending the acts of his colleagues.

The tribal rebellion in Lalgarh has come as the last nail in the Left's coffin. The peasants are afraid that if the Left comes back to power, their land and lives will be at the mercy of CPI(M) leaders and cadres. Like the Muslims, they feel the Left has deceived them for decades. And the abysmal record in social indicators of development is staring the Left in the face. The incidence of hunger is highest in West Bengal. The Left is now paying the price of non-performance and totalitarian attitude. Had the Chief Minister decided at the outset to have the petrochem hub in Nayachar, where it is now planned, people could have been spared death, rape and devastation. On July 16, three years too late, the government announced in the Assembly that it would not acquire land for industry.

Lal salam for industry: devastating backfire

West Bengal needs an efficient, impartial and imaginative administration, agro-based developmental plans, and peaceful industrial development. When the Left drove away industrialists in the '60s, '70s and '80s, it was with brute force. When they decided to facilitate them in a big way, it was again with brute force. It is time for West Bengal to have democratic governance. It still had the third largest economy in India in 2003-04, with a net state domestic product of $21.5 billion. All is not lost, despite 60 years of misfortune. g

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The braveheart

An intrepid IG, wounded in battle, still leads from the front

by Tara Patkar

HE might not have been in the limelight in quite the same way as batchmate and close friend Hemant Karkare, Maharashtra Anti-Terrorist Squad (ATS) chief who was killed in the Mumbai terror attack. But Vijay Kumar Gupta is much sought after for crisis management. He has received the President's medal for gallantry four times (1995, 1996, 1999, 2000) and the state gallantry award twice (1990 and 1998). Those who know this 1982-batch IPS officer of the UP cadre describe him as a hard-headed cop who believes in coming together, sharing together, working together and also succeeding together.

Currently Inspector General at the Provincial Armed Constabulary (PAC) headquarters in Lucknow, Gupta's latest display of courage was in mid-June when dreaded dacoit Ghanshyam Kewat created a hostage-like situation in remote Jamauli village of Chitrakoot district and killed four police personnel. With police morale low, Gupta was flown to the deserted and panic-stricken village, 300 km from the state capital.

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With wounds in the lower abdomen, hand and mouth, and splinters lodged in the stomach, Gupta was airlifted to a hospital in Allahabad and then to the Sanjay Gandhi Institute of Medical Sciences in Lucknow

An injured Gupta (above) and the scene at Chitrakoot: in the call of duty

The forest of Chitrakoot, on the border between Uttar Pradesh and Madhya Pradesh, has been a haven for Naxalites and dacoits for decades. It also achieved notoriety because of dreaded dacoit Dadua, who was finally killed last year. Then the area was terrorized by dacoit Thokia. Now, it was the turn of Kewat who was posing a formidable challenge for the police of both Uttar Pradesh and Madhya Pradesh. The police was offering a reward of Rs 50,000 for him.

Gupta had earlier handled Naxalite attacks with success, and devastated notorious criminal gangs like Mahendra Fauzi and the Swarna Singh outfit in eastern UP. He was also a veteran of over a hundred encounters. To tackle the hostage-like situation, he took command of the search for the dacoit. As he and the DIG, Chitrakoot division, Sushil Kumar Singh, along with others

headed towards the house where Kewat was believed to be hiding, the dacoit threw a grenade at the party.

Gupta was seriously injured, forcing the team to retreat. With wounds in the lower abdomen, hand and mouth, and splinters lodged in the stomach, Gupta was airlifted to a hospital in Allahabad and then to the Sanjay Gandhi Post Graduate Institute of Medical Science (SGPGIMS) in Lucknow. Some splinters were surgically removed but at least 21 remain; there are almost 60 stitches in his stomach and sensitivity of the area is lost. The officer is still battling for life.

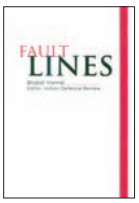
IT took around 500 heavily-armed elite UP cops and commandos over 50 hours to kill Kewat. ADG (Law & Order) Brijlal flew to Chitrakoot to finish the operation. Operation Ghanshyam was the lengthiest in the history of the UP police. Apart from surprise attacks by Naxals or the recent ambush by slain brigand Thokia and his gang in which nine Special Task Force men were killed, the Jamauli encounter is perhaps the only incident in which four policemen were killed while 11 others, including an IG and DIG, were injured. The helplessness, chaos and casualties in Chitrakoot district has led to questions about the state law enforcement agencies and their style of functioning.

The Delhi-born Gupta's exploits include heroic leadership in tackling Meerut riots in 1987. He also served as district police chief in Lakhimpur Kheri during the Sikh riots and in Mathura during the Babri Masjid controversy in 1990. Other difficult assignments were in Pratapgarh, Aligarh, Varanasi and Ghaziabad. In Meerut and Saharanpur, he was posted as a DIG. He also served as Assistant to three DGPs – VKP Nayyar, Yashpal Singh and Bua Singh. During training in Hyderabad in 1983, he won the Prime Minister's baton and revolver for best performance. g

BOOK REVIEW

by DIPTENDRA RAYCHAUDHURI

Sometimes naïve, sometimes analytical



FAULT LINES
by Bharat Verma
Lancer International
Rs 495

IT'S all very well to read the charming anecdote about how this book came about. The author says his wife felt he was incapable of writing more than a page. Goaded by this, Verma ended up producing an entire book. Though this rouses our empathy, the question arises, was it worth it? As editorials in the *Indian Defence Review*, these pieces passed muster. But compiling them into a book is a different matter. Some are informative and thought-provoking, many more are just repetitive. At the end, the reader is left with a feeling that, despite his genuine concern for the nation, Verma proffers few concrete suggestions backed by adequate analysis.

Not that he lags in strategic analysis. On the contrary, at times he puts things in brilliant perspective

Not that he lags in strategic analysis. On the contrary, at times he puts things in brilliant perspective – as in the piece titled "Asia in a tailspin", written in 2004. The problem starts when he refuses to restrict himself to the strategic discussion and tries to relate it to history or society at large. There he displays tiresomely naïve perceptions about complex problems.

Verma apparently envisages a situation where there will be no poverty, caste or religious discrimination, and the Indian Army will roam as a supreme entity, evoking awe from one and all. Now, how is this to be achieved? He merely states what "should" be done (for instance, money should be allocated for this and that, and education should be disseminated) without delving into the crucial socio-economic aspects of why these are not being done or failing to achieve their goals even after being done. Thus, at times the book reads like a sermon from a guru. For instance, "isolate the Jihadis ideologically" (p 274), "compel Pakistan to supplant madrassa with modern education" (p 274), "...further strengthen the relationships with the existing friends while adding new strategic partners to the list", (p 238), "our political aim should be the dominance of Asia by 2020 as an economic power backed by a world class military" (pp 185-186).

More irritating is his faith in the Army as a panacea for every problem. This attitude has crept into the pieces in many places. He is most candid on page 133 where he states, "The military is the ultimate pillar of the state." He also believes that all the four wars India fought were thrust upon it. As a corollary to this, he believes India has not done anything to disturb Pakistan ever! Can a defence analyst afford such self-delusion? Further, he believes that India can attack Pakistan and divide it into four states. Does he really believe that the world will sit back and watch this happen?

Yet, some articles, particularly in the latter half of the book, are far more analytical and mature. Edited to about half the number of pages, the book would have been more worthwhile. g

birthdays

IAS officers' birthdays | August 16, '09-September 15, '09

Rajat Bhargava
16-08-1964
CADRE: ANDHRA PRADESH
bhargav6@ias.nic.in

Karma Nidup
16-08-1952
CADRE: SIKKIM
kn.bhutia@ias.nic.in

Shree Prakash Keshava
17-08-1951
CADRE: BIHAR
keshavas@ias.nic.in

Parminder Hira Mathur
17-08-1949
CADRE: HIMACHAL PRADESH
mathurph@ias.nic.in

Rinku Dhugga
18-08-1969
CADRE: UNION TERRITORY
dhuggar@ias.nic.in

Shreeranjan
19-08-1957
CADRE: ASSAM-MEGHALAYA
shranjan@ias.nic.in

Ashok Kumar Meena
20-08-1976
CADRE: HARYANA
akmeena.ias@ias.nic.in

Manoj Kr Pingua
21-08-1969
CADRE: CHHATTISGARH
pinguamk@ias.nic.in

Suresh Chandra Gupta
21-08-1962
CADRE: SIKKIM
guptasc@ias.nic.in

Mary Neelima Karketta
22-08-1962
CADRE: MAHARASHTRA
karketta@ias.nic.in

Kunal Sharma
22-08-1953
CADRE: UTTARAKHAND
01UL063315@ias.nic.in

Ashok Kumar Shivhare
23-08-1954
CADRE: MADHYA PRADESH
akshivhare@ias.nic.in

Siya Ram Meena
23-08-1953
CADRE: RAJASTHAN
meenasr@ias.nic.in

Himmat Singh
24-08-1957
CADRE: PUNJAB
shimmat@ias.nic.in

Sanjeev Dubey
24-08-1960
CADRE: UTTAR PRADESH
dubeys1@ias.nic.in

Ajay Vara Prasad Adithela
25-08-1957
CADRE: HIMACHAL PRADESH
adithela@ias.nic.in

Navin Kumar Choudhary
25-08-1969
CADRE: JAMMU & KASHMIR
navinkc@ias.nic.in

Sarvesh Kaushal
26-08-1958
CADRE: PUNJAB
ksarvesh@ias.nic.in

Ajay Bhattacharya
26-08-1952
CADRE: TAMIL NADU
bcharya7@ias.nic.in

Shantanu
27-08-1972
CADRE: MANIPUR-TRIPURA
shantanu@ias.nic.in

Anu Aggarwal
27-08-1974
CADRE: NAGALAND
anuaggar@ias.nic.in

Satendra Singh
28-08-1971
CADRE: JHARKHAND
SINGHS17@IAS.NIC.IN

Navin Kumar
29-08-1952
CADRE: BIHAR
kumarn1@ias.nic.in

Vijay Kumar Bidhuri
29-08-1979
CADRE: UNION TERRITORY
vk.bidhuri@ias.nic.in

K Ramakrishna Rao
30-08-1965
CADRE: ANDHRA PRADESH
raokr1@ias.nic.in

Sonal Mishra
30-08-1972
CADRE: GUJARAT
mishras7@ias.nic.in

For the complete list, see www.indianbuzz.com

IAS officers' birthdays | August 16, '09-September 15, '09

M Sai Kumar
31-08-1966
CADRE: TAMIL NADU
kumarms@ias.nic.in

Jishnu Barua
01-09-1962
CADRE: ASSAM-MEGHALAYA
baruaj@ias.nic.in

H Imocha Singh
01-09-1954
CADRE: MANIPUR-TRIPURA
singhhi@ias.nic.in

PR Lavangare
02-09-1974
CADRE: MAHARASHTRA
lavangar@ias.nic.in

Pankaj Kumar
02-09-1963
CADRE: NAGALAND
kumarp2@ias.nic.in

Shanthini Kapoor
03-09-1960
CADRE: TAMIL NADU
kapoors83@ias.nic.in

R Ranjit
03-09-1972
CADRE: WEST BENGAL
ranjitr@ias.nic.in

PC Dalei
04-09-1950
CADRE: CHHATTISGARH
daleipc@ias.nic.in

Abha Asthana
04-09-1953
CADRE: MADHYA PRADESH
abhaasth@ias.nic.in

Shashank Goel
05-09-1966
CADRE: ANDHRA PRADESH
goels@ias.nic.in

Kavita Gupta
05-09-1960
CADRE: MAHARASHTRA
guptak1@ias.nic.in

Alka Tiwari
06-09-1965
CADRE: JHARKHAND
talka@ias.nic.in

Mathew C Kunnumkal
06-09-1951
CADRE: KERALA
ckmathew@ias.nic.in

Sheetal Nanda
07-09-1975
CADRE: JAMMU & KASHMIR
sheetal.ias@ias.nic.in

Bhanu Prakash Yeturu
07-09-1976
CADRE: RAJASTHAN
bpyeturu@ias.nic.in

Debjani Chakrabarti
08-09-1973
CADRE: ORISSA
chakrab3@ias.nic.in

Rakesh Singh
08-09-1955
CADRE: PUNJAB
singhr18@ias.nic.in

Radheyshyam Julaniya
09-09-1961
CADRE: MADHYA PRADESH
julaniya85@ias.nic.in

Ramesh Inder Singh
09-09-1949
CADRE: PUNJAB
singhri1@ias.nic.in

IB Pirzada
10-09-1951
CADRE: GUJARAT
pirzadai@ias.nic.in

K Sellamuthu
10-09-1954
CADRE: TAMIL NADU
smuthuk@ias.nic.in

Keshni Anand Arora
11-09-1960
CADRE: HARYANA
aroraka@ias.nic.in

Santanu Basu
11-09-1974
CADRE: WEST BENGAL
basus2k@ias.nic.in

G Kumar Naik
12-09-1963
CADRE: KARNATAKA
naikgk@ias.nic.in

Sandeep Kumar
12-09-1972
CADRE: UNION TERRITORY
kumars40@ias.nic.in

Vinod Singh Baghel
13-09-1956
CADRE: MADHYA PRADESH
vsbaghel.ias@ias.nic.in

For the complete list, see www.indianbuzz.com

IPS officers' birthdays | August 16, '09-September 15, '09

Arun Kumar Choudhary
16-08-1964
CADRE: JAMMU & KASHMIR
akchoudhary@mail.svpnpa.gov.in

Raju Bhargava
16-08-1966
CADRE: GUJARAT
rajubhargava@mail.svpnpa.gov.in

Sajjad Wasi Naqvi
17-08-1963
CADRE: MADHYA PRADESH
swnaqvi@mail.svpnpa.gov.in

Lok Nath
17-08-1957
CADRE: PUNJAB
Nath@mail.svpnpa.gov.in

Alok Joshi
18-08-1953
CADRE: HARYANA
alokjoshi@mail.svpnpa.gov.in

Priya Singh
18-08-1974
CADRE: JHARKHAND
priyadubey@mail.svpnpa.gov.in

Avinash Mohananey
19-08-1957
CADE: SIKKIM
avinashm@mail.svpnpa.gov.in

Mohd Amin Anjum
19-08-1951
CADRE: WEST BENGAL
anjum@mail.svpnpa.gov.in

Subhash Chandra Singh
20-08-1948
CADRE: BIHAR
subhashchandra@mail.svpnpa.gov.in

Hawa S Ghumaria
20-08-1970
CADRE: RAJASTHAN
hsghumaria@mail.svpnpa.gov.in

C Ratna Reddy
21-08-1949
CADRE: ANDHRA PRADESH
ratnareddy@mail.svpnpa.gov.in

Amrit Mohan Prasad
22-08-1965
CADRE: ORISSA
am_prasad@mail.svpnpa.gov.in

TK Vinod Kumar
22-08-1965
CADRE: KERALA
tkvinodkumar@mail.svpnpa.gov.in

Deepak Kumar
23-08-1969
CADRE: ASSAM-MEGHALAYA
deepakkumar@mail.svpnpa.gov.in

ID Shukla
23-08-1962
CADRE: AGMUT
idshukla@mail.svpnpa.gov.in

Karamvir Singh
24-08-1951
CADRE: UTTAR PRADESH
karamvirsingh@mail.svpnpa.gov.in

Swaranjit Singh
25-08-1951
CADRE: HARYANA
swaranjitsingh@mail.svpnpa.gov.in

Malothu Ramulu Naik
25-08-1972
CADRE: BIHAR
mrnaik@mail.svpnpa.gov.in

DD Padsalgikar
26-08-1958
CADRE: MAHARASHTRA
padsalgikar@mail.svpnpa.gov.in

Sunil Agarwal
26-08-1961
CADRE: KARNATAKA
sagarwal@mail.svpnpa.gov.in

Ajoy Kumar
27-08-1966
CADRE: WEST BENGAL
ajoykumar@mail.svpnpa.gov.in

Abhishek Trivedi
27-08-1971
CADRE: HIMACHAL PRADESH
abhishek@mail.svpnpa.gov.in

Paramjit Singh Gill - I
28-08-1955
CADRE: PUNJAB
paramjitgill@mail.svpnpa.gov.in

Madhu Sudan Singh
28-08-1954
CADRE: RAJASTHAN
madju@mail.svpnpa.gov.in

WR Marbaniang
29-08-1951
CADRE: ASSAM-MEGHALAYA
wrmarbaniang@mail.svpnpa.gov.in

Debasis Panigrahi
29-08-1965
CADRE: ORISSA
debasis@mail.svpnpa.gov.in

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Alphonse Louis Earayil
30-08-1948
CADRE: KERALA
alearayil@mail.svpnpa.gov.in

Cheekatla Stalin Babu
30-08-1974
CADRE: MAHARASHTRA
stalin@mail.svpnpa.gov.in

Jawahar Lal Tripathi
31-08-1960
CADRE: UTTAR PRADESH
jltripathi@mail.svpnpa.gov.in

D Shriniwas Rao
31-08-1963
CADRE: MADHYA PRADESH
dsrao@mail.svpnpa.gov.in

Y Joykumar Singh
01-09-1953
CADRE: MANIPUR-TRIPURA
yjsingh@mail.svpnpa.gov.in

Ramesh Chandra Sharma
01-09-1950
CADRE: CHHATTISGARH
ameshchandra@mail.svpnpa.gov.in

AK Pandya
02-09-1947
CADRE: GUJARAT
akpandya@mail.svpnpa.gov.in

Mamta Singh
02-09-1970
CADRE: HARYANA
mamta@mail.svpnpa.gov.in

Rajiv Kumar Mathur
03-09-1951
CADRE: CHHATTISGARH
rajivkmathur@mail.svpnpa.gov.in

Vinay Kumar
03-09-1965
CADRE: BIHAR
vinay_kumar@mail.svpnpa.gov.in

Anup Kumar Singh
04-09-1960
CADRE: GUJARAT
singh_ak@mail.svpnpa.gov.in

Kuldip Singh
04-09-1962
CADRE: WEST BENGAL
kuldipsingh@mail.svpnpa.gov.in

Sridhar Pathak
05-09-1952
CADRE: UTTAR PRADESH
sridhar@mail.svpnpa.gov.in

Sanjay A Lathkar
05-09-1968
CADRE: JHARKHAND
salathkar@mail.svpnpa.gov.in

Raj Prem Khilnani
06-09-1953
CADRE: MAHARASHTRA
rpkhilnana@mail.svpnpa.gov.in

Jitender
06-09-1965
CADRE: ANDHRA PRADESH
jitender@mail.svpnpa.gov.in

Jagjit Kumar
07-09-1958
CADRE: JAMMU & KASHMIR
jagjit@mail.svpnpa.gov.in

AK Sinha
08-09-1956
CADRE: JHARKHAND
a_k_sinha@mail.svpnpa.gov.in

Akshay Sachdeva
08-09-1967
CADRE: SIKKIM
akshay@mail.svpnpa.gov.in

Sumit Sharan
09-09-1971
CADRE: TAMIL NADU
sumitsharan@mail.svpnpa.gov.in

SL Mukherjee
10-09-1956
CADRE: ORISSA
slmukherjee@mail.svpnpa.gov.in

R Awasthi
10-09-1958
CADRE: ASSAM-MEGHALAYA
rawasthi@mail.svpnpa.gov.in

Anubhav
11-09-1975
CADRE: MANIPUR-TRIPURA
anubhav@mail.svpnpa.gov.in

Sudhir Chowdhary
12-09-1958
CADRE: HARYANA
sudhir@mail.svpnpa.gov.in

Sushil Mansing Khopde
12-09-1969
CADRE: BIHAR
smkhopde@mail.svpnpa.gov.in

Jalli Ajoy Kumar
13-09-1968
CADRE: ASSAM-MEGHALAYA
jkajoy@mail.svpnpa.gov.in

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For a complete list of appointments & retirements, see www.indianbuzz.com

NALIN SURIE
The 1973-batch IFS officer, Secretary (West) in the Ministry of External Affairs, has been appointed the next High Commissioner to the UK.

S JAISHANKAR
The 1977-batch IFS officer has become India's Ambassador to China.

RK DAS
The 1970-batch IPS officer of the Uttar Pradesh cadre, former DG of the CISF, is now Security Adviser for the Commonwealth Games.

AB PRASAD
The 1976-batch IAS officer of the Bihar cadre has become Additional Secretary, National Disaster Management.

RAKESH SINGH
The 1987-batch IAS officer of the Punjab cadre is now Additional Secretary, Information Technology in the Government of India.

RAJIV AGGARWAL
The 1975-batch IAS officer of the Maharashtra cadre is now Secretary, Consumer Affairs in the Government of India.

S KISHORE
The 1989-batch IAS officer of the Andhra Pradesh cadre is now Development Commissioner, Andhra Pradesh Industrial Infrastructure Corporation Limited.

PC GUPTA
The 1994-batch IRS officer, Additional Commissioner of Income Tax (CIT), Kanpur region, has been transferred to Delhi.

S KISHORE
The 1989-batch IAS officer of the Andhra Pradesh cadre is now Development Commissioner, Andhra Pradesh Industrial Infrastructure Corporation Limited.

MADHUP VYAS
The 2000-batch IAS officer of the UT cadre is now PS to the Union Minister of State for Information and Broadcasting.

ASIT SINGH
The 1991-batch IRS officer has become PS to the Minister of State for Surface Transport and Highways.

KA PRASAD SINHA
The 1992-batch IAS officer of the Punjab cadre is now PS to the Minister of State for External Affairs Preneet Kaur.

TVSN PRASAD
The 1988-batch IAS officer of the Haryana cadre has been appointed Mission Director, National Rural Health Mission.

SUNIL KUMAR
The 1995-batch IFS officer of the Punjab cadre has become Joint Secretary in the Union Public Service Commission.

ALKESH SHARMA
The 1990-batch IAS officer of the Kerala cadre has become Managing Director of Kerala State Industries Corporation.

SK THAKUR
The 1993-batch IAAS officer has become Director (Finance), Central Ground Water Board, Faridabad.

S INBASEKAR
The 2004-batch IFS officer has joined the MEA as Under Secretary in the Americas Division.

SHYAM LAL GOYAL
The 1985-batch IAS officer has joined as Resident Commissioner of Maharashtra in Delhi.

RAKESH SINGH
The 1978-batch IAS officer of the Punjab cadre is now Additional Secretary, Information Technology in the Government of India.

MV RAO
The 1988-batch IAS officer of the West Bengal cadre will be Registrar and Director (Admin.), National Institute of Rural Development, Hyderabad.

DEEPAK VOHRA
The IFS officer is now High Commissioner to New Zealand.

PN SAXENA
The 1998-batch CSS officer has joined as Deputy Secretary in the Ministry of Home Affairs.

PK PRADHAN
The 1977-batch IAS officer of the West Bengal cadre is now DG, National Rural Health Mission.

RK SINGH
The 1975-batch IAS officer of the Bihar cadre has been appointed Secretary, Defence Production.

RAM NIVAS
The 1982-batch IPS officer has become ADG, Naxal Operations in Chhattisgarh.

VIKRAM DEV DUTT
The 1993-batch IAS officer of the UT cadre has been appointed PS to Union Minister of State for Home Ajay Maken.

SHEKHAR AGARWAL
The 1977-batch IAS officer of the Uttar Pradesh cadre is now Additional Secretary, Department of Ex-Servicemen Welfare, Ministry of Defence.

G DAS
The 1999-batch IFS officer has been posted as Deputy Secretary in the China Division.

RAHUL BHANDARI
The 1977-batch IAS officer of the Punjab cadre has become PS to Union Parliamentary Affairs and Water Resources Minister Pawan Bansal.

Moving On: ias and ips officers retiring in August 2009

ANDHRA PRADESH
KP Reddy (1991)
HIMACHAL PRADESH
PH Mathur (1974)
HARYANA
N Bala Baskar (1975)
JHARKHAND
Rahul Sarin (1974)
Ashok K Basu (1976)
Junnu Kiskoo (1992)
JAMMU & KASHMIR
MH Samoon (1993)
KARNATAKA
BH Manjunath (1986)
MADHYA PRADESH
MS Bhilala (1995)
NAGALAND
M Yanthan (1996)
ORISSA
Ajit K Tripathy (1973)
PUNJAB
Jivtesh S Maini (1974)
MAHARASHTRA
MV Sangle (1991)
UTTAR PRADESH
RP Shukla (1990)
UNION TERRITORY
BS Banerjee (1994)

ips

MANIPUR-TRIPURA
D Gautam (1991)
ANDHRA PRADESH
C Ratna Reddy (1985)
JHARKHAND
KC Verma (1971)
RAJASTHAN
SP Khadgawat (1974)
UTTAR PRADESH
Rajiv Mathur (1972)

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Look out for value purchases

THE markets witnessed the worst post-Budget decline of the past 18 years. Practically every analyst blamed the Budget and predicted the worst days ahead for the markets. The main argument put forth was the missing reforms agenda. I wondered why the markets failed to read so much that is positive in the Budget. "Reforms" is a dynamic concept and needs to be understood in context with the ground realities facing an economy at a particular time and not necessarily what the markets expect it to be.

This Budget has indicated a complete shift in the mindset by consciously focusing on rural India to prop the consumption demand and future private investment. This was precisely what was required since I have always advocated that policies should focus on the economy and not on the markets. If the economy is taken care of, the market will take care of itself.

There has been no increase in taxes – corporate or individual. Whereas removal of Fringe Benefit Tax and Commodity Transaction Tax are other big positives, the Budget has also talked about expanding the services tax base while reducing the rates at which they are taxed. The proposal to decontrol petroleum product prices, rationalization of fertilizer subsidy, introduction of goods and services tax, and increased focus on infrastructure by improving financing, assigning greater outlays, and removing policy, regulatory and institutional bottlenecks are sufficient indicators that the government has not lost sight of reforms.

The Budget may not have announced big bang reforms in line with the expectations of the market, which was looking for a road map for PSU disinvestments, liberalization of the foreign investment regime and opening up of the financial sector. But do we really need Budgets to make such announcements? Moreover, the track record of reforms in India suggests that we proceed with them in a slow and steady manner against the backdrop of our economic realities.

The only thing that markets need to worry about is the huge fiscal deficit projected at 6.8 per cent of GDP with the far more alarming increase in the revenue deficit, which is budgeted to go up 412 per cent in 2009-10 as compared to 2008-09. This way, it will constitute 70 per cent of fiscal deficit, which is the highest since 1991 and bound to have serious repercussions in the form of increasing interest rates and rising inflationary pressures. The situation may further worsen if the monsoons remain deficient as they have till date.

The only thing that markets need to worry about is the huge fiscal deficit projected at 6.8 per cent of GDP with the far more alarming increase in the revenue deficit, which is budgeted to go up 412 per cent in 2009-10

So far as the outlook of the markets is concerned, the valuations suggest that there may not be a big upside in the short- to medium-term. However, huge liquidity in the system may guard against any sharp downside also. Investors should therefore concentrate on value buys with a long-term perspective and look for the upcoming stories as they unfold.

Blue Bird (India) (CMP Rs 23)

THE education sector is likely to be the most happening sector due to increased focus by the government. The sector has few listed companies including NIIT, Educomp, Everonn Systems, Aptech, Jetking, IEC Education, and so on. Most of these stocks have witnessed a run up in their prices though a lot of steam is left. But there are stocks likely to benefit due to the increased thrust of the government. They include Navneet Publications, Macmillan India, Todays Writing Products, Camlin, Linc Pen & Plastics, and Blue Bird (India). Blue Bird manufactures student books/exercise books, prints and publishes educational books, and does commercial printing. Besides ensuring its leader status in the exercise/notebooks business – a Rs 1000-crore plus market growing at over 20 per cent, it has embarked on developing its exports business as well. It has over 9,000 dealers and 800 wholesalers.

The company clocked a sales turnover of Rs 502 crore for the year ending March 2009 as compared to Rs 458 crore for the previous year. The operating profits increased to Rs 94 crore as compared to Rs 72 crore for the same period though net profits declined from Rs 22 crore to Rs 15 crore due to higher interest costs. With an EPS of Rs 4.33, the stock is available at PE of just 5.5 as against the industry PE of 15.5. The PB is only 0.4 and dividend yield is 5 per cent. With these fundamentals, there is hardly any downside. g

The author has no exposure in the stock recommended in this column. gfiles does not accept responsibility for investment decisions by readers of this column. Investment-related queries may be sent to gfilesindia@gmail.com with Dr Sood's name in the subject line.

Artful babus show Mayawati the way

THEY say politics is the art of the possible. But it must be acknowledged that bureaucrats have perfected this art a notch better than politicos themselves. Take the curious case of Mayawati's attitude towards

NREGA. As a Centre-sponsored scheme, it became a target of criticism by her. But the bureaucrats added a new twist.

This is what they whispered in Mayawati's ear: if the scheme was really a major factor behind the Congress success in the Lok Sabha polls, why not take advantage of the money? After all, around Rs 7,000 crore has been coming UP's way for NREGA. The sum includes almost Rs 450 crore for administrative purposes.

So lately, the advertisements of the NREGA helpline, all placed by state agencies, have started carrying photos of Mayawati and her slogan, "*Sarvjan Hitay, Sarvjan Sukhay.*" It may work in her favour.

But the UP bureaucrats have merely imitated what Bengal's Communists were the first to do, with others following them: taking credit for all successful schemes.

Punjab's 'import' of police chiefs

WHEN Capt Amrinder Singh took over as Chief Minister of Punjab, he brought in SS Virk, a 1970-batch IPS officer of the Maharashtra cadre, as Director General of Police. Obviously, many Punjab-cadre officers were peeved. When Prakash Singh Badal took over as CM in 2007, NPS Aulakh, a Rajasthan-cadre officer of the 1972 batch, was appointed DGP. This really made the officers of the state cadre jit-

tery. They saw this "import of IPS officers" from outside the state as a manifestation of lack of confidence in them.

Then, Sukhbir Badal, son of the CM, fell out with the DGP and wanted him shifted. Aulakh decided to serve at the Centre and was appointed NSG chief. Thereafter, keeping in mind the sentiment of the officers of the home cadre, Badal appointed KK Attari.

However, with Attari's retirement, the post has again gone to PS Gill, a 1974-batch Jammu and Kashmir-cadre officer. The state cadre officers are again a demoralized lot!

Adieu to CBI, hello to Lucknow

A 1985-batch IPS officer of the UP cadre, CBI Joint Director Arun Kumar is moving back to his parent cadre. Generally, during the present regime in UP, officers heave a sigh of relief if they can manage a posting outside the state. But Kumar is going back happily.

The same is the case with Rajnikant Mishra, a 1984-batch IPS officer of the UP cadre. He too is happily leaving the CBI to revert to his parent cadre.

Generally, IPS officers look forward to joining the CBI, the country's premier investigating agency. That two senior officers are leaving the CBI at this stage in their careers and going back to their parent cadre so readily has left observers bemused.

Wasan flits back to Delhi

NR WASAN, the 1980-batch IPS officer of the Andhra Pradesh cadre, is back in Delhi. This former Joint Director (Policy) in the CBI has the distinction of serving 16 Directors of the agency. He used to look after the CBI's internal vigilance, functioning from North Block rather than the CBI headquarters at Lodhi Complex.

He was also given charge of the Multi-Disciplinary Monitoring Agency. He wrote almost 60 letter rogatories in the Rajiv Gandhi

ILLUSTRATIONS: ARUNA

murder case but got no response. He used to move to the CGO complex in the afternoons to look after MDMA work.

Now that the Rajiv case is not to be investigated by the MDMA, Wasan's tenure is over. Transferred to his parent cadre, he spent just 13 days in Hyderabad, and then returned to Delhi as OSD at Andhra Bhawan. So, if he was keen on being in Delhi, why did he leave the CBI? People who know him are not saying. They're just smiling secretively. g

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